



Texas Wine Marketing Research Institute
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CONSUMER ATTITUDES TO TEXAS WINES



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INTRODUCTION

A major advance for the development of the Texas wine industry began in the early 1970's when a group of researchers found that Texas had ideal soil and climate conditions for wine grape growing. Since then, the wine industry in Texas has experienced significant growth. By the late 1990's, Texas became the fifth largest wine producing state behind California, Washington, New York, and Oregon. Texas also became the fourth largest consumer of wine in the United States.

By 2006, there were over 3,000 bearing acres in the state available for grape harvest and wine production in Texas was estimated at 2.0 million gallons. There are currently over 138 commercial wineries in Texas, a dramatic development that has occurred in the last few years. Furthermore, there are new wineries in various stages of development which are expected to open in the near future. While many of the wineries are small producers who concentrate on tourism for the majority of their sales, several of the larger wineries have started to develop state, national, and international markets for Texas wines.

Even with this impressive growth, the Texas wine industry is still developing. What's more, even though Texas wines are recognized at various national and international competitions, nearly 85% of all wine produced is purchased and consumed within the state. Therefore, the Texas wine industry is in need of a quality marketing and promotion program for their wines outside the state. To accomplish this task, it is important to assess consumer knowledge, perceptions, and attitudes towards Texas wines.

In 1999, a study was conducted to determine the opinions regarding wine purchases and wine consumption among wine consumers in Texas, with a variety of related issues examined. These issues included:

- Demographic characteristics of wine consumers;
- Preference for wine production regions;
- Patronage of wine retailing outlets;
- Importance of wine purchasing attributes;
- Information sources for wine selection;
- Purchase and product involvement;
- Expenditure on wines;
- Perceptions of Texas wines;
- Objective vs. subjective knowledge of wine.

During the summer of 2006, a follow-up survey was conducted to update consumer knowledge, perceptions, and attitudes towards Texas wines. This current research was quantitative in nature and was conducted through a telephone survey to obtain information on consumers' attitudes towards Texas wines.

IMPORTANCE OF CONSUMER ATTITUDES TO TEXAS WINES

The intent of the 2006 survey was to promote the exchange of opinions and attitudes towards wine in general and Texas wines in particular. The participants' ideas and opinions will assist in making better marketing decisions for the Texas wine industry.

The awareness and acknowledgment of consumers' attitudes will assist marketing practitioners to better understand their customers, thus developing effective marketing communication strategies. In addition, if wine industry professionals understand consumers' perceptions and purchasing decisions related to the Texas wine industry as a whole and to its specific attributes, then improvements can be made in service, promotional, and positioning strategies.

PURPOSE OF THE STUDY

The major objective of this study was to obtain wine consumers' general opinions toward a variety of issues regarding wine purchases and consumption, and specifically towards Texas wines. This information should allow wineries to develop better marketing strategies increasing consumer awareness and generate wine sales. Frequency analysis was used to assess wine consumer characteristics, attitudes, perceptions, and behavior.

RESEARCH METHODS

The survey instrument

The telephone survey contained 40 scripted questions, divided into four sections dealing with wine consumer consumption, knowledge and preferences for Texas wine, general wine knowledge and individual demographics.

In the first section of the survey instrument, questions regarding general wine preferences, such as type of wine (red, white, rose) or style of wine (sweet or dry); purchasing frequency, type of retail establishment where consumers buy wine most frequently (e.g., retail store, grocery store, wineries); approximate dollar value of wine purchased; and consumption frequency were asked. Participants were asked to assess six factors when selecting a particular wine in wine purchasing occasions. Those factors included price, grape variety, production region, label design, brand name, and personal preference.

Attitudes towards each factor were measured via the subjects' responses to the question on a 7-point scale anchored as "Not important" to "Very important." The region of origin was listed as one of the attributes to be evaluated. This factor was included to examine the possible effect of region of origin when customers make wine purchasing decisions. In addition, subjects were asked to indicate which factors concerning wine purchases they would more likely consider prior to or during an average shopping

experience. The product region was listed among the other five factors: bottle size, brand, number of bottles, variety/style, and price.

In section two of the survey, eighteen questions were asked giving special attention to Texas wine. Subjects were to evaluate Texas wine in terms of awareness, its value, prestige, quality, price, supply, expectation, image, comparison with imports, variety, comparison with California wines, and promotion. These questions were intended to assess consumer attitudes towards Texas wine and the wine industry.

In section three of the survey, four questions were asked to determine consumers' general knowledge about wine. Question content covered alcohol levels of wine, wine and food pairing and describing certain styles of wine.

Finally, section four comprised seven questions determining the demographic characteristics of the respondents. The questions covered characteristics such as age, education, years living in Texas and annual income.

Data collection procedure

The survey was conducted by means of telephone interviews. Using a scripted survey instrument research personnel, subcontracted through the Earl Survey Research Center affiliated with Texas Tech University, conducted the telephone interviews which lasted about 10 minutes each. A copy of the interview may be found in appendix A.

The participants were randomly selected from a database of listed telephone numbers. The specifications for participant selection included individuals who (a) were 21 years of age and older, and (b) consume wine. Five hundred and two responses were reached, meeting the goal set at the beginning of the research project of 500 responses.

RESULTS

The following tables and charts present the results of this study.

Demographics of Survey Respondents

Respondents were mostly female (66.3%). Nearly 70% of the respondents were over 40 years of age, and nearly 30% over 60 years of age. The respondents were well educated with 61% reporting earning an undergraduate and graduate college degree. Nearly 60% of the respondents had household annual income greater than \$80,000, with 14% reporting over \$140,000. The research studies usually indicate that wine consumers are better educated than the general population. The findings of the current study are consistent with other studies on wine consumers. Seventy percent of respondents have lived in Texas for more than 21 years. The results of this study are similar to those of the 1999 Texas study concerning gender and education, however were considerably different than a 2005 national study by Simmons Market Research, where they found 34% of all wine drinkers had graduated from college (undergraduate and graduate degrees). Respondents indicated that more than half consumed wine at least weekly

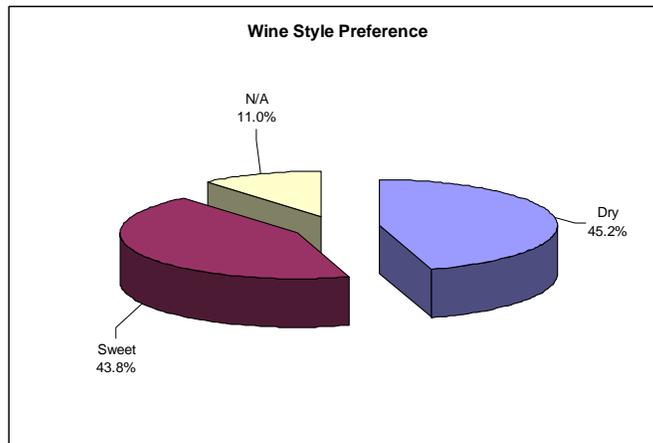
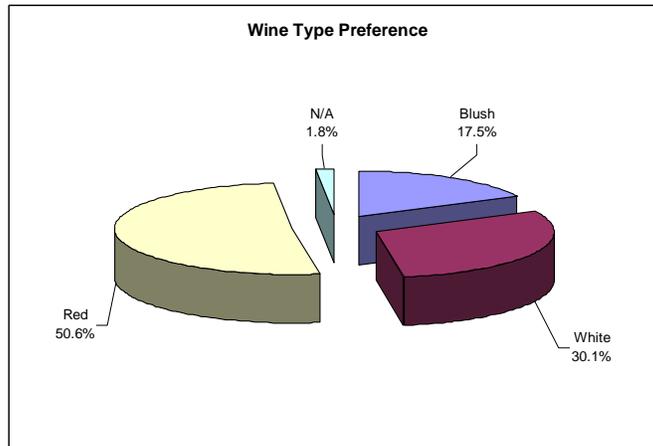
Table 1. Demographics of Respondents to the Questionnaire (n=502)

		Frequency	Percentage
Gender	Male	169	33.7%
	Female	333	66.3%
Age	21 - 30	47	9.4%
	31 - 40	82	16.3%
	41 - 50	108	21.5%
	51 - 60	125	24.9%
	Over 61	140	27.9%
Education	Some high school	11	2.2%
	High school graduate	54	10.8%
	Vocational/technical school	13	2.6%
	Some college	114	22.7%
	Undergraduate degree	173	34.5%
	Graduate degree	136	27.1%
Income	Under \$20,000	18	3.6%
	\$20,000 - \$39,999	44	8.8%
	\$40,000 - \$59,999	85	16.9%
	\$60,000 - \$79,000	68	13.5%
	\$80,000 - \$99,000	66	13.1%
	\$100,000 - \$119,999	38	7.6%
	\$120,000 - \$139,999	26	5.2%
	Over \$140,000	67	13.3%
	Did not respond	90	17.9%
Ethnicity	White, non-Hispanic	408	81.3%
	Hispanic or Latino	37	7.4%
	African American	10	2.0%
	Asian or Pacific Islander	8	1.6%
	American Indian	1	0.2%
	Other	23	4.6%
	Did not respond	15	3.0%
Lived in Texas	5 years of less	46	9.2%
	6 to 10 years	30	6.0%
	11 to 15 years	32	6.4%
	16 to 20 years	41	8.2%
	Over 21 years	352	70.2%
How often do you consume wine	Daily	44	8.8%
	Several Times a Week	119	23.7%
	Once a Week	141	28.1%
	Once a Month	95	18.9%
	Less Than Once a Month	103	20.5%

Wine Preference

Half of the respondents (50.6%) reported they preferred red wine, compared to white wine (30.1%) and blush wine (17.5%). Wine style preference for white wine was nearly split, with dry style of wine slightly preferred by the respondents 45.2% compared to the sweet wine of 43.8%.

Figure 1 – Survey Respondents Wine preference

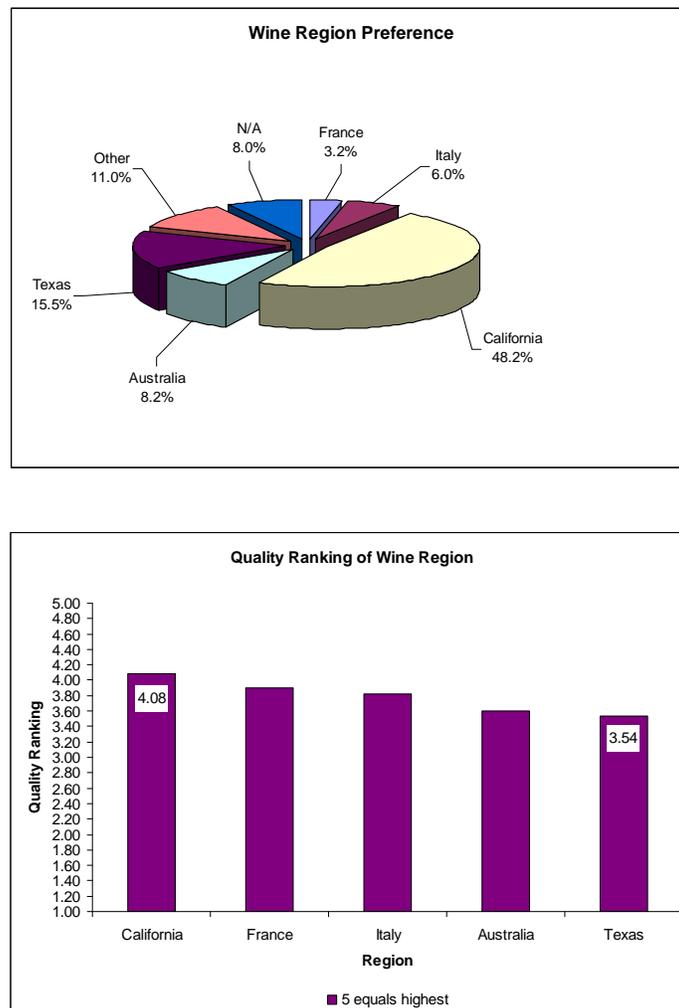


Wine Region Preferences

With regards to origin, respondents prefer wines produced in California (48.2%), compared to Texas which was a distant second at 15.5%. Australia was preferred by 8.2% of the respondents and Italy by 6.0%. However, compared to a similar study conducted in 1999, Texas wines more than doubled in preference from 6.3% to the current 15.5%, while California, France and Italy all showed declines in preference. Furthermore according to a 2006 national survey conducted by the Adams Beverage Group California was (69%), then imports (25%) and lastly, all other states (6%).

Respondents were presented with a list of wine regions (LIST REGIONS HERE) and asked to determine the quality of wines from these regions in a 7-point scale California wines were perceived as the highest quality, and Texas to be of the lowest quality. However, there was only a ½ point difference on the quality rating between California (4.0) and Texas (3.5). Texas wines were perceived to be very close in quality to all other wine regions.

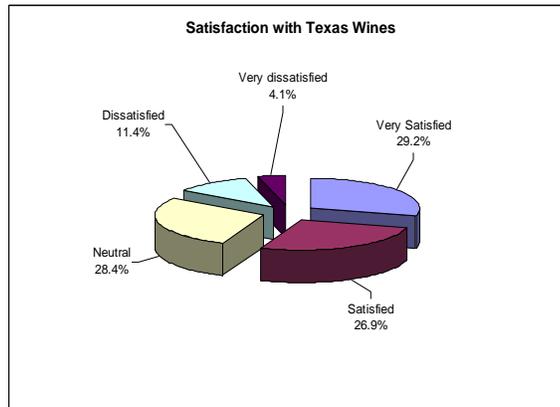
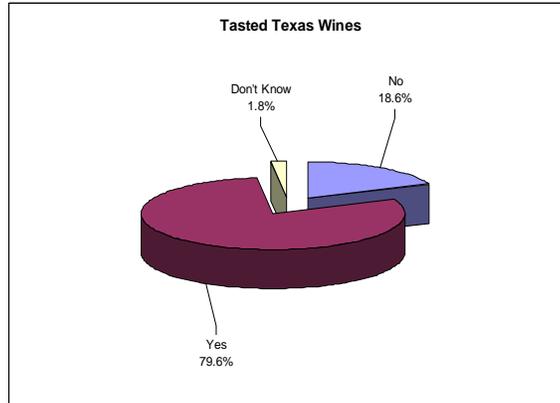
Figure 2. Wine Region Preference and Quality Rating



Respondents Views of Texas Wines

The majority (65%) have tasted Texas wine in the last year, with 67.4% of those having tasted Texas wine either this month or last. Interestingly, 47.8% reported that no Texas wine (winery) came to mind. Overall, the average satisfaction level was a 3.66 on a 5 point scale. Slightly lower was the average of how likely the consumers were to recommend Texas wines to others (3.18). However, respondents reported that they were likely (3.6 on a 5-point scale) to purchase a Texas wine during the next twelve months.

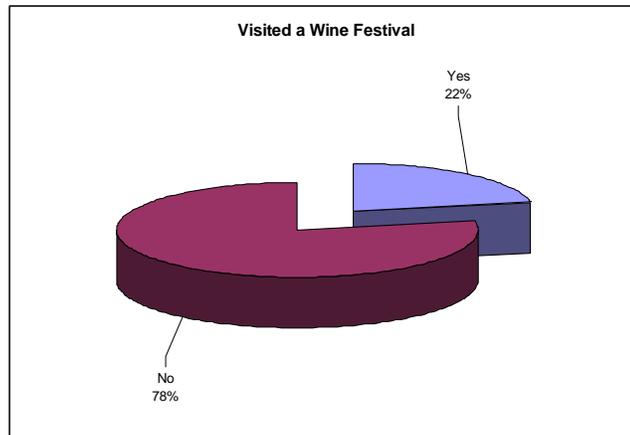
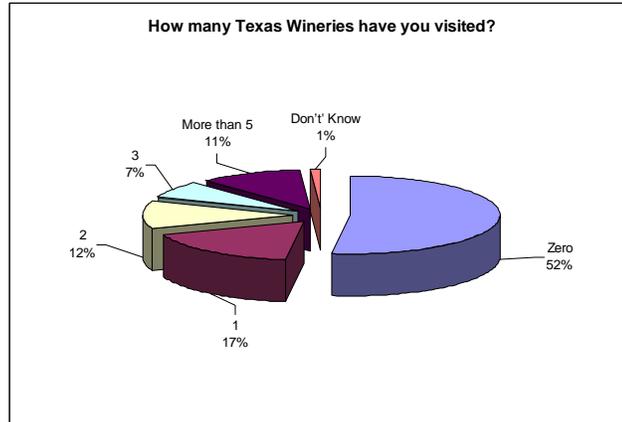
Figure 3. Texas Wines



Visitation to Texas Wineries

According to the respondents, 52% had never been to a Texas Winery, while 29% visiting two or less wineries. Eleven percent had visited more than 5 wineries. Respondents reported that 78% had never visited a festival involving Texas wine, while 22% had attended a festival involving Texas wine.

Figure 4. Winery Visitation



Wine Knowledge (Objective)

Four multiple-choice questions were used to assess wine knowledge of survey respondents. Percentages of correct answers to each of the questions (table 2) reflect familiarity of the respondents were with fundamental facts about wine. Compared to the 1999 consumer survey, these results reflect a decrease in objective wine knowledge. For example, in 1999, respondents correctly (97.8%) answered the question “which wine should be served at room temperature”, compared to this survey were only 77.5% of the respondents correctly answered the question. A similar result for the question “chardonnay is what type of wine” was reported, where again in 1999 98.6% of the respondents correctly answered this question, while in 2006 only 79.7% answered the question correctly.

Table 2. Objective Wine Knowledge

Questions intended to determine respondents knowledge	Percentage of Correct Answers	Frequency	Total
Which wine should be served at room temperature?	77.5%	389	502
Chardonnay is what type of wine	73.7%	370	502
Port is usually served with what type of food?	48.2%	242	502
Table wines have an alcohol content of?	42.6%	214	502

Familiarity with Texas Wines

When respondents were asked if they had heard of Texas wines, 51% said yes, while nearly an equal number (47%) said no. Of those that had heard of Texas wines, 23% reported that magazine/journals were the source of information, while 12.5% reported television as the source.

Table 3. Have you ever seen or heard any advertising for Texas Wines?

	Respondents	Percentage
Yes	260	51.8%
No	236	47.0%
Don't Know	6	1.2%
	502	100.0%

Of those respondents that said they had seen or heard of Texas wine the following table shows the source:

Magazine/Journal	22.9%
Television	12.5%
Radio	9.4%
Billboard	4.6%
Radio	4.2%

DISCUSSIONS AND CONCLUSIONS

This study provides insights into purchasing and consumption patterns of Texas wine consumers. The information obtained here can assist local wine marketers in developing appropriate marketing strategies for their endeavors to sell more wine.

A respondent profile was established from this survey. Analysis then revealed that the groups demographic characteristics reflected well over fifty percent of the respondents to be over 50 years of age, with a high level of education and annual household income exceeding \$80,000 per year.

Wine consumers reported that their preferred wine style is red (51%), followed by white (30%) and blush (18%). Interestingly, preference for dry wines was only a small percentage (1.3%) higher than sweet wines. As there tends to be a societal undercurrent that consumers are expected to like dry wine over sweet wines, it is hard to state with accuracy that there is truly a dominate preference for dry wines by Texas consumers.

Consumers reported low product knowledge and a medium level of product involvement with wine. For a majority of these consumers, wine is their preferred alcoholic beverage with beer and spirits coming in a distant second and third, respectively. Furthermore, 60% of respondents are consuming wine at least once a week. This preference for wine follows a national trend as reported by The Gallup Organization, where wine is preferred by 39% of adults, while beer was preferred 36% and spirits 21%.

California is still the strongest regional preference for Texas consumers (48.2%) which is significantly lower than the national average of 69%. Texas comes in second as the preferred wine region (15.5%) with Australia, Italy and France trailing in this category. This reflects Texans continued support for Texas products. Furthermore, 80% of all survey respondents stated they have tasted Texas wines.

Despite the finding that Texas wine is perceived to be lower in quality than California indicates that perceptions of Texas wines still need to be enhanced. Compared to the 1999 study, there was an increase of 250% in wine consumer's reported purchases of Texas wines. Overall the respondents were between no opinion and satisfied when rating their experience with a Texas wine. Nearly 40% of the respondents said they would recommend Texas wines to others, with over 50% likely or very likely to purchase a Texas wine within the next year. Finally, 85% of Texas wine is sold and consumed within the state, so it is increasingly important for the Texas wine industry to increase exposure outside the state to create a "Texas" brand awareness, whether through specific regions or individual winery brands.

Appendix A

Q: q1

How often do you consume wine? Would you say...

- 1 Daily
- 2 Several times a week
- 3 Once a week
- 4 About once a month
- 5 Less than once a month

- 8 DON'T KNOW
- 9 REFUSED

Q: q2a

What type of wine is your favorite? Would you say...

- 1 Red wines
- 2 White wines
- 3 Rose/blush wines

- 8 DON'T KNOW
- 9 REFUSED

Q: q2b

Do you prefer wine that is dry or sweet?

- 1 Sweet
- 2 Dry
- 3 No preference

- 8 DON'T KNOW
- 9 REFUSED

Q: q3_1

Approximately how much did you spend on wine within the last three months at each of these outlets?

Internet or mail order

ENTER WHOLE DOLLAR AMOUNT, NO DECIMALS:

99999 DON'T KNOW/REFUSED

Q: q3_2

Approximately how much did you spend on wine within the last three months at each of these outlets?

Wineries

ENTER WHOLE DOLLAR AMOUNT, NO DECIMALS:

99999 DON'T KNOW/REFUSED

Q: q3_3

Approximately how much did you spend on wine within the last three months at each of these outlets?

Grocery stores or supermarkets

ENTER WHOLE DOLLAR AMOUNT, NO DECIMALS:

99999 DON'T KNOW/REFUSED

Q: q3_4

Approximately how much did you spend on wine within the last three months at each of these outlets?

Liquor stores

ENTER WHOLE DOLLAR AMOUNT, NO DECIMALS:

99999 DON'T KNOW/REFUSED

Q: q3_5

Approximately how much did you spend on wine within the last three months at each of these outlets?

Restaurants or bars

ENTER WHOLE DOLLAR AMOUNT, NO DECIMALS:

99999 DON'T KNOW/REFUSED

Q: q4

How much do you typically pay for a bottle of wine?

ENTER WHOLE DOLLAR AMOUNT, NO DECIMALS:

9999 DON'T KNOW/REFUSED

Q: q5a

On a scale of 1 to 5, where 1 means "unimportant" and 5 means "important,"
how important is wine for you? You can use any number between 1 and 5.

Q: q5b

How about if 1 is equal to "means nothing" and 5 is equal to "means a lot"?

Q: q5c

How about if 1 means "insignificant" and 5 means "significant"?

Q: q5d

How about if 1 means "does not matter" and 5 means "matters"?

Q: q6

Overall, how much do you feel you know about wine? Please answer on a scale of 1 to 5, where 1 means "very little" and 5 means "very much."

Q: q7

Compared to your friends and acquaintances, how much do you feel you know about wine? Please use the same 1 to 5 scale.

Q: q8

Compared to a wine expert, how much do you feel you know about wine? Please use the same 1 to 5 scale.

Q: q9

Have you ever tasted Texas wines?

1 Yes
2 No

8 DON'T KNOW
9 REFUSED

Q: q11y

How recently did you taste Texas wine?

YEARS:
MONTHS:

99 DON'T KNOW/REFUSED

Q: q11m

How recently did you taste Texas wine?

YEARS:
MONTHS:

99 DON'T KNOW/REFUSED

Q: q12

Overall, how satisfied are you with Texas wines? Please use the scale of 1 to 5, where 1 means you are very dissatisfied and 5 means you are very satisfied.

Q: q13

Which alcoholic beverage do you drink most often? Would you say...

- 1 Beer
- 2 Wine
- 3 Spirits or liquor

- 8 DON'T KNOW
- 9 REFUSED

Q: q14

Wine from which region do you drink most often? Would you say...

- 1 France
- 2 Italy
- 3 California
- 4 Australia
- 5 Texas
- 6 Other (SPECIFY)

- 8 DON'T KNOW
- 9 REFUSED

Q: q15

I will now read several short statements and I would like you to tell me how much you agree or disagree that the statement describes wines produced in Texas. Please use the 1 to 5 scale where 1 means you strongly disagree and 5 means you strongly agree that the statement describes Texas wines.

- q15_1 Of good value
- q15_2 Good quality
- q15_3 Well-known
- q15_4 Appropriately priced
- q15_5 Better than expected
- q15_6 Widely available
- q15_7 Not advertised enough

Q: q17

Using a scale of 1 to 5 where 1 means "very unlikely" and 5 means "very likely," how likely are you to recommend Texas wines to others?

Q: q18

Please rate the quality of wine from the following regions on a scale of 1 to 5 where 1 means "poor quality" and 5 means "excellent quality."

q18_1 France
q18_2 Italy
q18_3 Australia
q18_4 California
q18_5 Texas

Q: q19

Have you purchased Texas wine in the past 12 months?

1 Yes
2 No

8 DON'T KNOW
9 REFUSED

Q: q20

Considering only the wine you buy at retail outlets, what percentage is Texas wine?

ENTER WHOLE PERCENTAGE, NO DECIMAL POINTS:

999 DON'T KNOW/REFUSED

Q: q21

On a scale of 1 to 5 where 1 means "very unlikely" and 5 means "very likely," how likely are you to purchase Texas wines in the next 12 months?

Q: q22_1

How much would you pay for a bottle of French wine?

ENTER WHOLE DOLLAR AMOUNT, NO DECIMALS:

999 DON'T KNOW/REFUSED

Q: q22_2

How much would you pay for a bottle of Italian wine?

ENTER WHOLE DOLLAR AMOUNT, NO DECIMALS:

999 DON'T KNOW/REFUSED

Q: q22_3

How much would you pay for a bottle of Australian wine?

ENTER WHOLE DOLLAR AMOUNT, NO DECIMALS:
999 DON'T KNOW/REFUSED

Q: q22_4

How much would you pay for a bottle of California wine?

ENTER WHOLE DOLLAR AMOUNT, NO DECIMALS:
999 DON'T KNOW/REFUSED

Q: q22_5

How much would you pay for a bottle of Texas wine?

ENTER WHOLE DOLLAR AMOUNT, NO DECIMALS:
999 DON'T KNOW/REFUSED

Q: q23

How many Texas wineries have you visited?

ENTER NUMBER:
999 DON'T KNOW/REFUSED

Q: q24

Have you ever been to a festival involving Texas wine?

1 Yes
2 No

8 DON'T KNOW
9 REFUSED

Q: q25a

What is the first brand of Texas wine that immediately comes to your mind?

ENTER CODE:

888 OTHER, NOT ON LIST
999 DON'T KNOW/REFUSED

Q: q25b

Please rate the quality of wine of that brand on a scale of 1 to 5, where

1 means "poor quality" and 5 means "excellent quality."

Q: q27

Have you ever seen or heard any advertising for Texas wine?

- 1 Yes
- 2 No

- 8 DON'T KNOW
- 9 REFUSED

Q: q28

Where have you seen information about Texas wines? SELECT ALL THAT APPLY

- q28_1 Billboard
- q28_2 Magazine/Journal
- q28_3 In-flight magazines
- q28_4 TV
- q28_5 Radio
- q28_6 Newspaper
- q28_7 Brochures/Pamphlets
- q28_8 Internet
- q28_9 Tasting Classes
- q28_10 Special events (e.g., festivals)
- q28_11 Other (SPECIFY)

Q: q29

Have you ever seen a display about Texas wine when you buy alcoholic beverages?

- 1 Yes
- 2 No

- 8 DON'T KNOW
- 9 REFUSED

Q: q30

Now I will ask you a few questions about wine in general. If you don't know the answer, simply say "I don't know."

Which wine should be served at room temperature? Would you say...

- 1 White wine
- 2 Blush/Rose wine
- 3 Champagne
- 4 Red wine

- 8 DON'T KNOW
- 9 REFUSED

Q: q31

Chardonnay is what type of wine? Is it...

- 1 White wine
- 2 Blush/Rose wine
- 3 Champagne
- 4 Red wine

- 8 DON'T KNOW
- 9 REFUSED

Q: q33

Port is usually served with what type of food? Is it...

- 1 Chicken
- 2 Beef
- 3 Seafood
- 4 Dessert

- 8 DON'T KNOW
- 9 REFUSED

Q: q34

Table wines have an alcohol content of...

- 1 1-3%
- 2 4-7%
- 3 8-14%
- 4 15-24%

- 8 DON'T KNOW
- 9 REFUSED

Q: q35

Finally, just a few questions about you.

How long have you lived in Texas?

YEARS:

- 0 LESS THAN ONE YEAR
- 99 DON'T KNOW/REFUSED

Q: q37

What is the highest educational level that you have completed?

- 1 Some high school or less
- 2 High school graduate
- 3 Vocational/technical school
- 4 Some college
- 5 Undergraduate degree
- 6 Graduate or professional degree

- 8 DON'T KNOW
- 9 REFUSED

Q: q38

What year were you born?

ENTER 2-DIGIT YEAR, 19

99 REFUSED

Q: q39

What is your residential zip code?

ENTER CAREFULLY!

99999 REFUSED

Q: q40

Which of the following categories comes closest to your total annual household income?

- 1 Under \$20,000
- 2 \$20,000 - \$39,999
- 3 \$40,000 - \$59,999
- 4 \$60,000 - \$79,999
- 5 \$80,000 - \$99,999
- 6 \$100,000 - \$119,999
- 7 \$120,000 - \$139,999
- 8 \$140,000 or more

- 9 DON'T KNOW/REFUSED

Q: q41

What is your ethnic origin?

- 1 White, non-Hispanic
- 2 African American
- 3 Hispanic/Latino
- 4 Asian or Pacific Islander
- 5 American Indian
- 6 Other (SPECIFY)

9 REFUSED

Q: q42

RECORD RESPONDENT'S GENDER

- 1 MALE
- 2 FEMALE

